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RECORDATION NO. _____ FILED 1425
MAY 3 1979
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT IN THE NATURE
OF A CHATTEL MORTGAGE

AGREEMENT MADE this 1st day of May, 1979, between PRESSURE TANK CAR COMPANY, a Delaware corporation, having its principal office at 200 North Avenue East, Westfield, New Jersey 07091 (the "Company"), and FIDELITY UNION TRUST COMPANY, a New Jersey corporation, having its main office at 765 Broad Street, Newark, New Jersey 07101 (the "Bank");

WHEREBY, in consideration of the payment of TEN DOLLARS (\$10.00), lawful money of the United States, paid by each to the other, receipt whereof is hereby acknowledged, the mutual undertakings hereinafter set forth, and other good and valuable consideration;

IT IS HEREBY AGREED that:

1. THE LOAN.

1.1 Undertaking. To induce the Bank to enter into a loan agreement, of even date herewith, (as now and hereafter modified, (the "Agreement") with Continental Tank Car Corporation (the "Borrower"), and to make to the Borrower the loan provided for by the Agreement, (the "Loan"), and to secure the full and complete performance of the Company pursuant to its guaranty of payment of the Loan (the "Guaranty") and any other payments now or hereafter due under the Agreement and all documents delivered in connection with the Agreement (the "Loan Documents"), and full and complete performance of all obligations under the Loan Documents, (all of the aforesaid obligations, the "Obligations"), the Company hereby grants to and creates in the Bank a security interest in the Tank Cars listed on Schedule A (the "Equipment"), together with all accessions, additions, and improvements to, and substitutions and replacements for the Equipment, and insurance policies and proceeds and other rights with respect to the Equipment.

1.2 Further Security. As further security for the Obligations, the Company hereby grants the Bank a security interest in all sums standing to the credit of the Company on the books of the Bank and any property of the Company in the possession of the Bank and, notwithstanding anything else in this Agreement to the contrary, the Bank may, at any time it deems itself insecure with respect to all or part of the Obligations, withdraw or otherwise setoff against all balances or other sums standing to the credit of the Company on such books and may take possession and dispose of all property of Company in such possession.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS.

2.1. General. The Company hereby makes the representations and warranties and enters into the covenants provided for in this

Paragraph 2. Unless otherwise specified, all representations and warranties shall be true and all covenants shall be met in accordance with their terms, at the time this Agreement is executed and at all times thereafter until the Obligations are fully paid.

2.2 General Representations. The Company represents to the Bank that:

A. It is a corporation duly organized and in good standing under the laws of the state of its organization, has the power to own its properties and operate its business as now owned and operated and as contemplated hereunder; it is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its activities and, when commenced, its future activities, or the character of such present or future business or its present and future property, makes such qualification necessary; and

B. All corporate and other action has been duly and effectively taken by it which is necessary for the authorization, execution, delivery and performance of this Security Agreement and such execution, delivery and performance is not prohibited by and does not violate its Certificate of Incorporation or By-Laws or any agreement to which it is party or any laws, statutes, regulations or the like of any governmental authority having jurisdiction; and

C. This Security Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, without defense, setoff or counterclaim; and

D. All financial statements now or hereafter furnished to the Bank by it are, or will be, true, accurate and correct as of the date thereof and have, or will have, been prepared in accordance with sound, generally accepted accounting principles, consistently applied. Such financial statements do, or will, fairly represent its financial condition, as of the date of such statements, and the results of its operations for the fiscal period then ended, and there has been no adverse change, financial or otherwise, in its condition since the date of the last financial statements furnished by it to the Bank; and

E. No Reportable Event has occurred; and

F. Any Collateral provided by the Company as security for any loans shall comply with the representations with respect thereto contained herein.

2.3 Representations and Covenants with Respect to Equipment. The Company represents to and covenants with the Bank with respect to its Equipment, which is Collateral hereunder, that:

A. The Collateral is used primarily in business and the Bank has a Perfected First Lien thereon; and

B. Except for the security interest granted hereby, the Company is the owner of all such Collateral free from any adverse lien, security interest and encumbrance; and the Company will defend the same against all claims and demands of all persons at any time claiming the same or any interest therein; and

C. No financing statement covering the Collateral or any proceeds thereof is on file in any public office, and, at the request of the Bank, the Company shall execute and deliver one or more instruments or documents, including financing statements and continuation statements, as the Bank may require; and

D. The Company will have and maintain insurance at all times with respect to the Collateral as provided in Section 4.01(b) of the Agreement. In the event that the Company receives the proceeds of any policy of insurance arising from any loss or damage to the Collateral of any kind whatsoever, the Company shall immediately pay such proceeds to the Bank in accordance with Section 4.01(h) of the Agreement; and

E. The Company will keep all Collateral free from any adverse lien, security interest and encumbrance and in good order and repair and will not waste or destroy the same or any part thereof; and the Company will not use any such Collateral in violation of any statute or ordinance; and

F. The Company will pay promptly when due all taxes and assessments upon such Collateral, or for its use or operation; and

G. The Company will from time to time execute and deliver to the Bank such lists of lessees and recording instruments relating to such Collateral as the Bank may require; and

H. The Company shall not use such Collateral except in the ordinary course of its business, substantially in the same manner as presently conducted, nor sell the same, without prior written consent of the Bank.

2.4 Covenants. The Company covenants with the Bank that it will do all of the following:

A. Pay and discharge when due all taxes and other obligations.

B. Maintain its books and records in a manner satisfactory to the Bank and grant to the Bank, its employees, agents, accountants and attorneys, access necessary for the purposes of inspection and to make extracts therefrom at all reasonable times and as often as the Bank may require.

C. Promptly notify the Bank in writing of its opening of any new places of business or closing of any existing places of business.

D. Sign such financing statement or other documents in form satisfactory to the Bank which the Bank may at any time desire to file in order to protect or perfect its security interest in the Collateral and reimburse the Bank for the costs of filing the same and execute and deliver to the Bank any instrument, document, assignment or other writing which may be necessary or convenient to the Bank to carry out the terms of this Security Agreement and to perfect its security interest in and facilitate the collection of Collateral.

E. Deliver to the Bank with reasonable promptness such financial data as the Bank may reasonably request.

F. Promptly notify the Bank of the occurrence of a Reportable Event and take such action with respect thereto as the Bank directs.

2.5 Negative Covenants. The Company covenants with the Bank that it will not do any of the following:

A. Create, incur, assume or allow to exist any indebtedness (including liability under a guaranty) except liability hereunder and charges and trade accounts incurred in the ordinary course of business, without the written consent of the Banks, provided, however, that this section shall not be deemed to prohibit the making of loans between the Borrower and the Guarantors, or any of them.

B. Create, assume or allow to exist any mortgage, pledge, hypothecation, assignment, encumbrance, charge or other lien or security interest upon any of the Equipment on Schedule A except to the Bank in compliance with the terms of this Security Agreement.

C. Dissolve, reorganize, liquidate or acquire all or substantially all of the assets or capital stock of any person, firm, corporation, or other entity or entities or enter into any

merger or consolidation or similar arrangement with any person, firm, corporation or other entity or issue or redeem any stock, without the prior written consent of the Bank.

D. Sell the Equipment except in the regular course of business, or sell on conditional sale, sale or return, guaranteed sale, consignment or other similar arrangement.

3. DEFAULTS.

3.1 Defaults. If any one or more of the following events (each, an "Event of Default") occurs, the entire unpaid balance of the principal and interest of the Loan and Obligations may, at the Bank's option, become immediately due and payable without notice, namely:

A. Any representation or warranty made herein or in the Loan Documents, or in connection with the making of the Loan or any certificate, statement or report made in compliance with this Security Agreement or the Agreement is false in any respect when made or when required to be true hereunder or by the Loan Document.

B. Failure by the Company to make any payment of interest or principal or other payment upon the Obligations, or any indebtedness to any third party, when due, except with respect to indebtedness to any third party, where the Company has taken action to contest such liability.

C. Failure by the Company to perform or observe any term, condition, or covenant of this Security Agreement or the Agreement, or any document now or hereafter executed in connection herewith or with the Agreement.

D. Any adjudication that the Company is insolvent or bankrupt, or the filing of a petition by or against it for relief under any provisions of any statute or law relating to bankruptcy, or the making of any assignment for the benefit of creditors, or the appointment of a receiver or trustee or for all or any part of its property.

E. The Bank's determination, at any time or times hereafter, that it is insecure with respect to the Loan or performance under this Security Agreement or the Agreement, or any document now or hereafter executed in connection herewith or the Agreement.

F. The occurrence of a Reportable Event.

4. REMEDIES.

4.1 Remedies. Upon the occurrence of any Event of Default, the Company will immediately repay, upon demand, all of the

Obligations, and in addition to its rights at law, under the UCC or hereunder or under any other document, the Bank may:

A. Without further notice or demand or legal process take possession of the Collateral, all records and items relating to the Collateral and, at the Bank's request, the Company will assemble such records and deliver them to the Bank; and

B. Sell the Collateral, but the Bank shall give the Company reasonable notice of the time and place of any public sale of its Collateral or of the time after which any private sale or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if notice of the sale or other intended disposition is mailed, by certified mail, postage prepaid, to the Company at its address specified hereunder at least five days prior to the time of such sale or disposition. At such sale the Bank may sell the Collateral for cash or upon credit or otherwise, at such prices and upon such terms as it deems advisable and the Bank may bid or become purchaser at such sale, free of the right of redemption, which is hereby waived. The Bank may adjourn such sales at the time and place fixed therefor without further notice or advertisement, and may sell the Collateral as an entirety or in separate lots as it deems advisable, but the Bank shall not be obligated to sell all or any part of the Collateral at the time and place fixed for such sale if it determines not to do so.

4.2 Proceeds. The proceeds of any sale or other disposition of the Collateral by the Bank shall be applied as follows:

A. To the payment of the expenses of such sale; and

B. To the payment of the expense of retaking, keeping and storing the Collateral, including any attorneys' fees expended incidental thereto (15% if not prohibited by law); and then,

C. To the payment of the Obligations. In the case of any deficiency, the Company shall pay same to the Bank with interest.

4.3 Evidence. The books and records showing the correct accounts between the Bank and the Company shall be binding upon all for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof.

5. MISCELLANEOUS.

5.1 Definitions. For the purpose of this Security Agreement, the following terms shall have the meanings indicated:

A. Collateral. Any and all property now or hereafter securing the Obligations as well as all present and future additions and accessions to such property, and replacements and substitutions for, any present or future Collateral, and products and proceeds of the same, and all condemnation awards and casualty insurance proceeds and any other third party payments received on account of loss or damage to the Collateral and the rights thereto and to collect the same.

B. Equipment. The tank cars described on Schedule A.

C. Event of Default. As defined in Paragraph 4 hereof.

D. Guarantors. Suburban Fuel Tank Car Company and Pressure Tank Car Company.

E. Loan. Any Loans or advances made under the Loan Agreement.

F. Perfected First Lien. A fully perfected first lien against good and marketable absolute or fee simple title to the Collateral in question, free of all liens and encumbrances whatever, other than those acceptable to Lender, perfected by recording, filing or otherwise, so that such lien is prior and paramount to the lien or claim of any other party including an officer acting under the Federal Bankruptcy or equivalent laws.

G. Reportable Event. As that term is defined in Title IV of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), except actions of general applicability by the Secretary of Labor under Section 110 of ERISA, with respect to any employee pension benefit plan subject to Title IV of ERISA maintained by the Company, any of its subsidiaries, or any member of a controlled group of corporations, as defined in Section 1563 of the Internal Revenue Code of 1954, as amended, of which the Borrower is a part ("Controlled Group"), or any such plan to which the Borrower or any of its subsidiaries or any member of a Controlled Group is required to contribute on behalf of any of its employees.

H. UCC. As of any time, the Uniform Commercial Code then in effect in the State of New Jersey.

5.2 Waivers, Etc. The Company hereby waives notice of any note evidencing all or any part of the Obligations, notice of presentment, demand for payment, protest and notice of protest for non-payment of the same and notice of any facts which might

increase the Company's risk hereunder and all notices required by law, all defenses, setoffs and counterclaims and trial by jury. The Company hereby further agrees that its obligation to pay the Obligations and the Bank's rights against the Collateral are absolute and shall in no way be impaired by the insolvency, dissolution, receivership or, if applicable, death or incapacity, of it or anyone else obligated to pay the Obligations, the invalidity, illegality or unenforceability of all or part of this Security Agreement or the Agreement or any document now or hereafter executed in connection therewith or any note evidencing the Obligations, or the failure of the Bank to protect or perfect all or any part of the Collateral; and the Bank is hereby authorized to modify or surrender, in whole or in part, the Obligations, release anyone obligated for the payment therefor or release, surrender or exchange the Collateral. The Bank shall have no obligation with respect to any Collateral and in its sole discretion may proceed against all or any portion thereof or any one or more persons liable for payment of the Obligations in such order and in such manner it determines without obligation to marshal. No delay or failure by the Bank to exercise any right or privilege shall operate as a waiver of such or of any other right or privilege and no waiver shall be valid unless in writing and signed by the Bank.

5.3 Construction. This Agreement shall be construed under New Jersey law, and federal law to the extent applicable, and references to the plural shall include the singular and others and references to the singular shall include the plural as the context requires. The invalidity, illegality or unenforceability of one or more provisions of this Agreement or any note evidencing the Obligations shall in no way affect the Bank's rights under the remaining portions of this Security Agreement or such note.

5.4 Notices. Notices to the Bank shall be effective only in writing when received by one of its officers and notices to the Company shall be effective when mailed to one of its officers by first class, certified mail, return receipt requested, postage prepaid to the Company at its address set forth in the introduction to this Agreement.

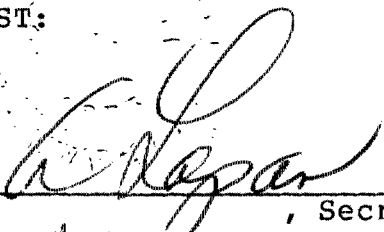
5.5 Counterparts. This Security Agreement may be executed in counterparts each of which shall be deemed to be an original and when taken together shall constitute one and the same instrument.

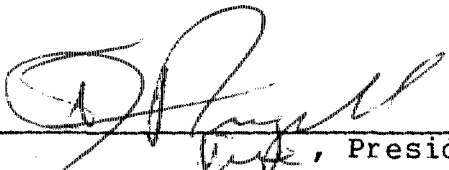
IN WITNESS WHEREOF, the Bank and the Borrower have
executed this Agreement the date first above written above.

THE BANK

FIDELITY UNION TRUST COMPANY

ATTEST:

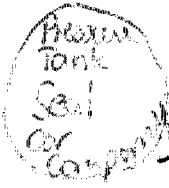
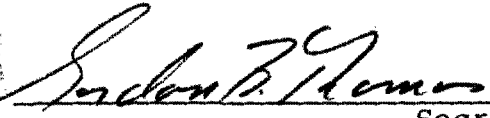

_____, Secretary
A. Kaplan

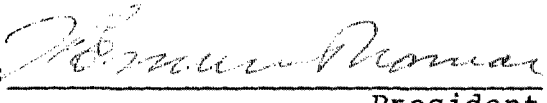
By: 
_____, President
E. Jackson Angell

THE COMPANY

PRESSURE TANK CAR COMPANY

ATTEST:

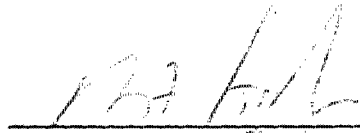


_____, Secretary
Gordon B. Thomas

By: 
_____, President
H. Emerson Thomas

STATE OF NEW JERSEY :

COUNTY OF Essex : SS.

On this 1st day of May, Nineteen Hundred and Seventy-Nine (1979), before me, the subscriber, Robert Fischer, III, personally appeared H. EMERSON THOMAS, President of Pressure Tank Car Company, who, I am satisfied, is the person who has signed the foregoing instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as such officer aforesaid, and that the foregoing instrument is the voluntary act and deed of such corporation, made by virtue of authority from its Board of Directors.



Robert Fischer III
Attorney at Law of N.J.

SCHEDULE A

Name of Owner:

Pressure Tank Car Company

Description of Collateral:

5 Dual Use Railroad Tank Cars

| <u>Mechanical Description</u> | <u>ICC Class</u> | <u>Water Capacity (Gallons)</u> |
|-------------------------------|------------------|-------------------------------------|
| GGCX 1201 through 1205 | 112-A-340W | 33,200 |